

# Q4' Year End 2019

## West Michigan Industrial Market Report



# GRAND RAPIDS The Market



1,073,608

Total Population



130+

International Companies



\$61,548

Average Household Income



36.8

Median Age



2.3%

Unemployment Rate

## Industrial Market Trends

The Industrial Real Estate Market in 2019 ended the same way it started; with historically low vacancy. Vacancy rates are currently less than 3%. This has driven the demand for new construction. The most prominent area in which this is taking place is the Walkerview Industrial Park, in the City of Walker. It was announced that Flexco will be building a 300,000 square foot headquarters, which is expected to be complete at the end of 2020. Another occupant of the Walkerview Industrial Park is Falk North America, a Netherlands based roof panel manufacturer, who just completed construction on a manufacturing facility over 100,000 square feet. There are a number of speculative industrial buildings under construction as well.

Another effect of the current market conditions is the necessity for buyers and tenants to give themselves ample time to find the right building. Due to the low number of buildings currently on the market, it is taking longer than ever to find the right building, and it is important for buyers and tenants to plan accordingly.

We are continuing to see investors hungry to invest in the strong West Michigan industrial market. This is occurring both through speculative construction, as well as purchasing existing investment properties.

As a result of these market conditions, it has never been more important to engage the services of a commercial realtor. Right now, companies who need space have to be creative. Often this involves modifying, reconfiguring, or even adding on to a building to fit their needs. There are also a lot of properties that sell without even hitting the market. Knowing about available off market properties is a big advantage for prospective tenants and buyers.



Chris Prins  
Industrial Specialist

# Q4' 2019 Industrial Transactions



**SOLD**

3801 36th St. SE  
76,046 SF



**LEASED**

1451 M-40 #100,  
Suites A, A-1 & B  
210,000 SF



**SOLD**

6500 Schamber Dr.  
86,200 SF



**SOLD**

3000 Outer Dr.-N, Saginaw  
41,600 SF



**LEASED**

6147 Valduga Dr. SW  
34,966 SF



**SOLD**

3227 3 Mile Rd. NW  
37,824 SF

## Market Activity

- › Perrigo, a pharmaceutical company, is investing \$13.6 million to expand operations in West Michigan. The drug company is constructing a 66,000 square foot warehousing facility at 13295 Reflections Drive in Holland, Michigan. The project began in April 2019 with plans to be completed in May 2020. There is expected job growth with the expansion, however long-term estimates are still unavailable at this time.
- › Avflight, an Ann Arbor-based aviation support service company, is building a 5,000 square foot facility and 30,000 square foot hangar on a five acre leased parcel next to Gerald R. Ford International Airport. With this new location, Avflight plans to add at least 30 new jobs. The services Avflight will provide include: fuel sales, hangar storage, aircraft ground handling services, de-icing, concierge services, and all matters related to general and business aviation. The building is expected to be completed by spring of 2020.

# Q4' 2019 West Michigan Industrial Submarket Statistics

**Methodology:** The industrial market report includes industrial buildings within each of the defined submarkets. Excluded are government buildings and institutional properties.

SUBMARKET	TOTAL RBA	VACANT AVAILABLE SF	VACANCY RATE	TOTAL AVERAGE RATE (\$/SF/YR)	TOTAL NET ABSORPTION (SF)
<b>Lakeshore</b>					
Warehouse	19,928,084	493,004	2.5%	\$3.76	-60,113
Manufacturing	29,372,063	366,112	1.2%	\$4.39	86,394
Hightech Flex	2,133,153	510,559	23.9%	\$8.36	92,800
Total	51,433,300	1,369,675	2.7%	\$4.39	119,081
<b>Northeast</b>					
Warehouse	5,529,559	90,445	1.6%	\$4.11	40,304
Manufacturing	7,134,873	93,763	1.3%	\$5.22	-22,400
Hightech Flex	579,383	0	0%	\$7.95	0
Total	13,243,815	184,208	1.4%	\$4.88	17,904
<b>Northwest</b>					
Warehouse	5,544,841	78,360	1.4%	\$5.52	50,276
Manufacturing	12,604,731	587,011	4.7%	\$2.84	-95,624
Hightech Flex	1,294,486	36,191	2.8%	\$7.25	-13,000
Total	19,444,058	701,562	3.6%	\$3.90	-58,348
<b>Southeast</b>					
Warehouse	23,505,587	551,465	2.3%	\$4.16	-167,076
Manufacturing	27,028,094	1,248,979	4.6%	\$3.12	222,037
Hightech Flex	3,033,127	57,396	1.9%	\$8.83	-21,752
Total	53,566,808	1,857,840	3.5%	\$3.90	33,209
<b>Southwest</b>					
Warehouse	9,202,751	336,235	3.7%	\$4.54	-21,005
Manufacturing	22,198,143	32,573	0.1%	\$4.13	9,073
Hightech Flex	697,925	0	0%	\$6.99	0
Total	32,098,819	368,808	1.1%	\$4.31	-11,932
<b>Total Overall</b>					
Total Overall	169,786,800	4,482,093	2.6%	\$4.18	99,914

## Industrial Statistical Changes Year-over-Year and Quarter-over-Quarter

### 4Q19 vs. 4Q18



NET ABSORPTION



VACANCY RATE



CONSTRUCTION



ASKING RATES

### 4Q19 vs. 3Q19



NET ABSORPTION



VACANCY RATE



CONSTRUCTION

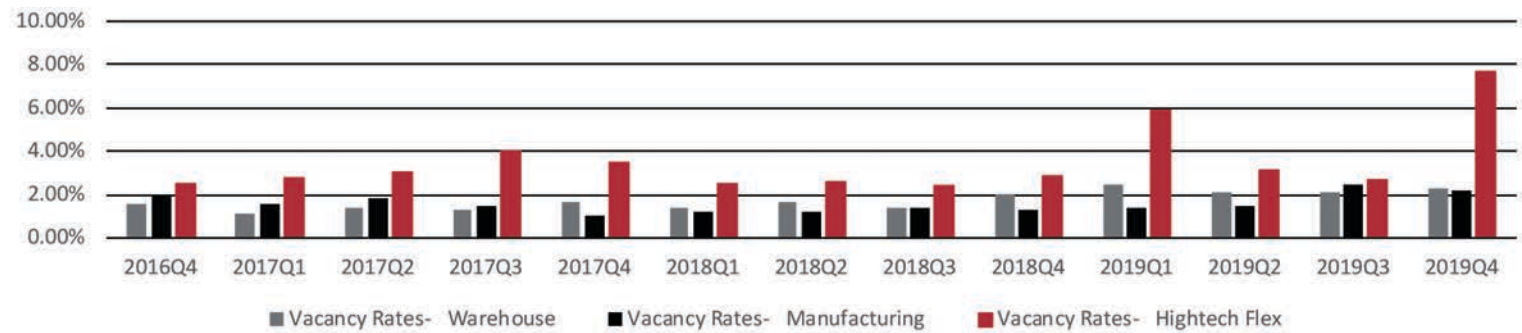


ASKING RATES

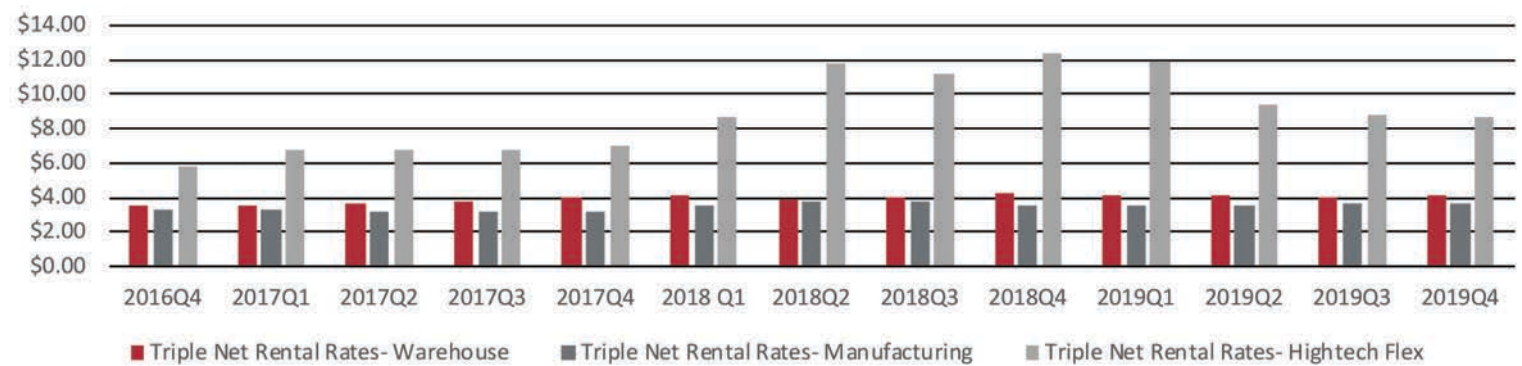
\*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWWM uses the numbers available at the time each quarterly report is published.

# Industrial Overall Market Report

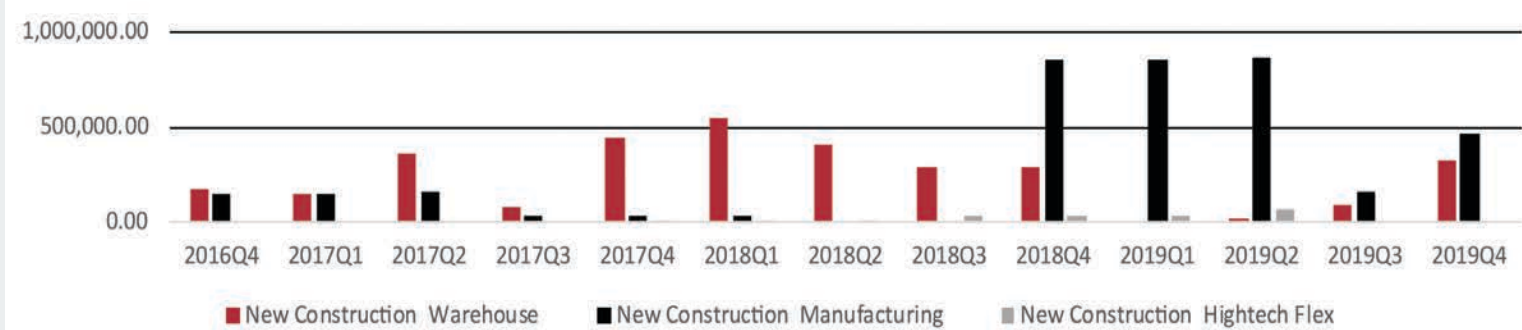
Vacancy Rate



Triple Net Rental Rates

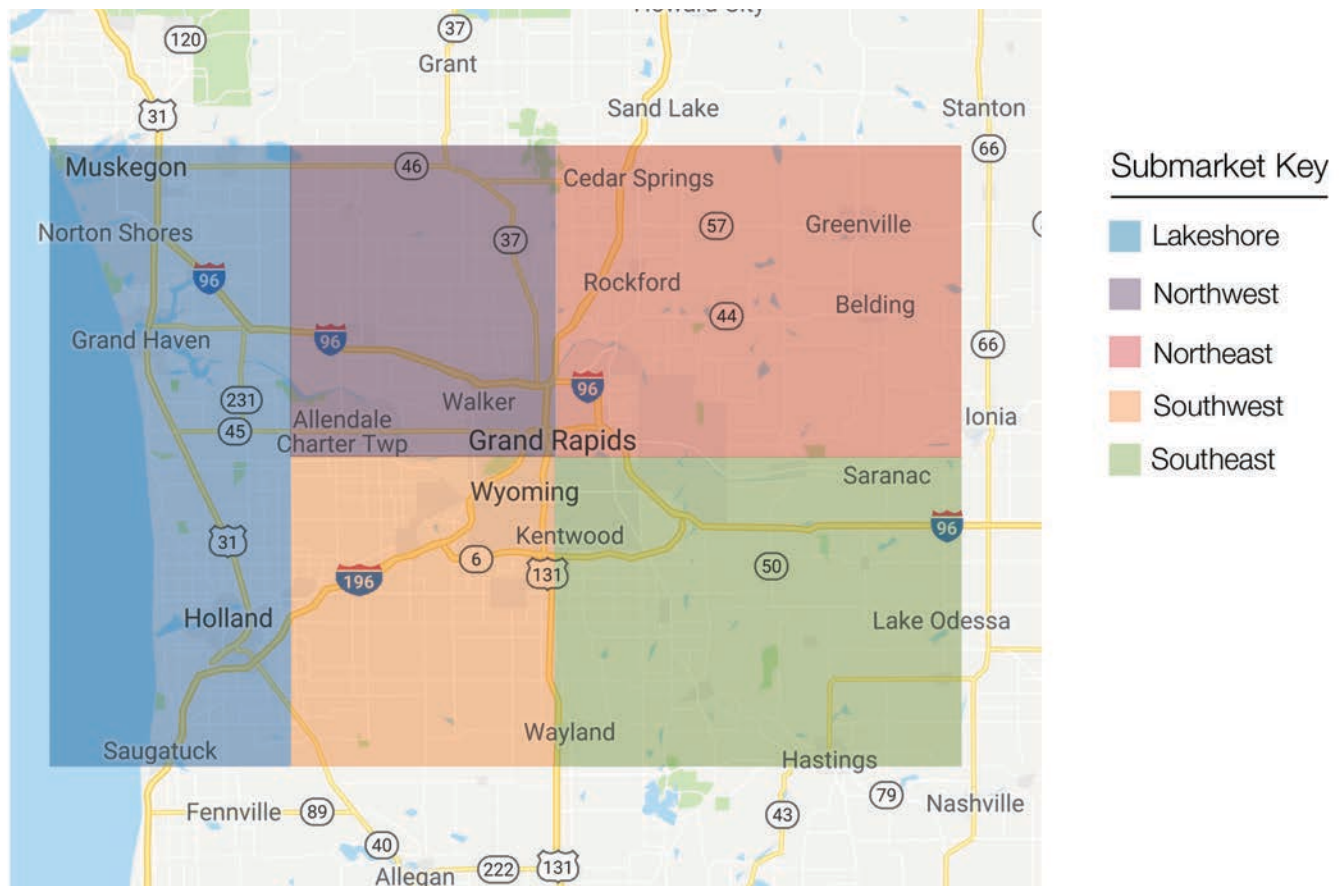


New Construction





# Methodology | Definitions | Submarket Map



## Absorption (Net)

The change in occupied space in a given time period.

## Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

## Average Asking Rental Rate

Rental rate as quoted from each building's owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

## Building Class

Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

## RBA

Rentable Building Area - Mainly used for office and industrial.

## SF/PSF

Square foot/per square foot, used as a unit of measurement.

## Under Construction

Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place.

## Deliveries

Buildings that have their certificate of occupancy and are allowed to be moved into by the tenant/purchaser.

## Vacancy Rate

All physically unoccupied lease space, either direct or sublease.

\*The Lakeshore submarket was expanded to include Muskegon, MI.

# Our Team

NAI Wisinski of West Michigan was formed in the spring of 2011 when NAI West Michigan merged with The Wisinski Group. This merger brought together two successful, reputable companies to form what is now the largest independently owned commercial real estate firm in West Michigan.

Our focus is simple: building client relationships for life. We do this by utilizing the rich diversity of skills and specialties of our agents and staff, actively listening to our clients, offering market appropriate advice, providing access to the industry's most current and proven technologies, and delivering the best possible service to each and every client. NAI Wisinski of West Michigan is headquartered in Grand Rapids, MI and maintains a second location in Kalamazoo, MI. Our company provides all facets of commercial real estate services, including brokerage and property management, throughout the entire West Michigan region.

Through our relationship with NAI Global, we have access to over 375 affiliate offices throughout the world.  
NAI Wisinski of West Michigan: Local Knowledge, Global Reach, Achieve More.

## By The Numbers

## Industrial Specialists

### REAL ESTATE PROFESSIONALS

# 52



# 7

CCIM   
DESIGNEES

# 8

SIOR  SIOR  
DESIGNEES

**Jim Badaluco, SIOR**  
616.575.7029  
jimbad@naiwwm.com

**Jaclyn Brohl**  
269.459.0431  
jaclynb@naiwwm.com

**Dane Davis**  
269.459.0434  
daned@naiwwm.com

**Joshua Jacobs**  
269.459.0430  
joshuaj@naiwwm.com

**Jonathon Hallberg**  
269.459.0438  
jonathonh@naiwwm.com

**Andrew Kapanowski**  
616.242.1111  
andrewk@naiwwm.com

**Stu Kingma, SIOR**  
616.575.7022  
skingma@naiwwm.com

**Kurt Kunst, CCIM, SIOR**  
616.242.1116  
kurtk@naiwwm.com

**Chris Prins**  
616.242.1107  
chrisp@naiwwm.com

**Kara Schroer, CCIM**  
269.459.0435  
karas@naiwwm.com

**Dave Smies, CCIM, SIOR**  
616.242.1122  
daves@naiwwm.com

**Doug Taatjes, CCIM, SIOR**  
616.242.1117  
doug@naiwwm.com

**Jeremy Veenstra**  
616.617.1346  
jeremyv@naiwwm.com

**Chadwick Versluis, SIOR**  
616.242.1125  
chadv@naiwwm.com

**Stan Wisinski, CCIM, SIOR**  
616.575.7015  
sjw@naiwwm.com



# **NAI** Wisinski of West Michigan

100 Grandville Ave SW Suite 100  
Grand Rapids, MI 49503  
616. 776. 0100    [www.naiwwm.com](http://www.naiwwm.com)



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